

Theoretical Benefits and
Limitations of Federalism

Centralization and Devolution in
America

Benefits of federalism?

- Provides economic benefits
 - Market Preserving Federalism/Fiscal Federalism
 - Marketplace of Ideas
- Protects regional cultural, ethnic, and religious identities
 - Nation Preserving/Holding Together Federalism
- Encourages Policy Innovation
 - States are Laboratories of Democracy

Nation Preserving /
Holding Together Federalism

- Federalism
 - protects regional cultural, religious, or ethnic minorities.
 - grants minority groups regional policy autonomy.
 - provides regionally concentrated minority groups voice in national government.

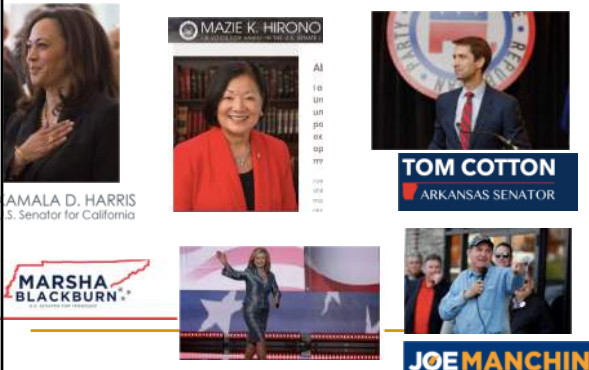
Nation Preserving Federalism: Reduces Tension and Conflict

- Local Autonomy in Policy Decisions
 - Cultural preferences can be preserved locally while not imposed on all.
- National Representation in Central Government
 - Gives minority groups say in national government policy.
 - Senate and House provide for proportional and geographical representation in US government.

Regional Diversity in the House



Geographic Diversity Senate



Drawbacks of Nation-Preserving Federalism

- o Malapportionment:
 - o Unfair?
 - o Undemocratic?
 - o Partisan?

Unequal Senate?

These 62 senators represent about one-fourth of the people in the United States.



Unequal Senate?

So do these 6 senators.



Small State Bias in Senate

Overrepresentation in the Senate is among the reasons why the smallest states (and their local governments) received more federal aid per capita in 2010.

State	People per senator	Aid per capita	State	People per senator	Aid per capita	State	People per senator	Aid per capita
Wyoming	290,000	\$4,180	Utah	1,420,000	4,200	New York	8,750,000	\$2,170
Vermont	315,000	3,270	Arkansas	1,440,000	1,700	Texas	19,000,000	1,700
North Dakota	350,000	3,220	Mississippi	1,480,000	2,900	California	19,000,000	1,700
Alaska	375,000	4,660	Iowa	1,540,000	1,900			
South Dakota	420,000	2,640	Connecticut	1,800,000	2,100			
Delaware	480,000	3,700	Illinois	1,900,000	2,140			
Maine	500,000	2,840	Oregon	1,950,000	2,000			
Rhode Island	600,000	2,800	Kentucky	2,190,000	2,200			
New Hampshire	690,000	1,790	Louisiana	2,300,000	2,000			
Maine	690,000	2,700	South Carolina	2,360,000	1,760			
Hawaii	700,000	1,850	Alabama	2,470,000	1,800			
Idaho	800,000	1,950	Colorado	2,580,000	1,520			
West Virginia	800,000	2,810	Minnesota	2,690,000	2,000			
Nebraska	800,000	1,710	Wisconsin	2,880,000	1,880			
New Mexico	1,040,000	3,370						
Nevada	1,280,000	1,340						

By 2040, 70% of the population is projected to live in 15 states.

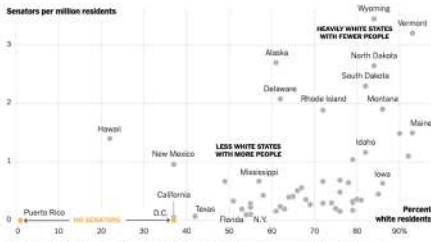
This means that 30% of the population will choose 70! Senators.

*New York consistently contributes the most federal programs, providing it for a large federal income in 2010.
Source: Census Bureau

Small State/Racial Bias Senate

How the Senate Favors White Americans

More populous states, whose power is diminished by the Senate's structure, tend to be more racially diverse. States with fewer people have a greater share of white residents. Puerto Rico and Washington, D.C., have no senators and are both heavily nonwhite.



Note: Percent of white residents refers to the non-Hispanic white share. Source: 2007 American Community Survey. By The New York Times

States by GDP

U.S. GDP by State

by **FIXX** Inc.



US GDP by states. | Fixx.com/Data from U.S. Bureau of Economic Analysis/ Department of Commerce

Thinking about asymmetrical federalism and secession

- When will states pursue asymmetrical federalism or secession?
- Pressure emerges when the benefits of federalism diminish for actors in a subnational unit.
 - Cultural threat of assimilation/domination are perceived to be high for members of a state (Ex: Quebec,)
 - Economic future as independent state is strong
 - (Scotland, Quebec)
- When these conditions are met, pressures can lead to calls for secession, asymmetrical federalism, or policy innovation.

Calexit?



Drawbacks of Nation-Preserving Federalism

- Secession is messy and undefined.
 - Under what terms should a unit be allowed to leave?
 - To what extent should a unit be given unique powers to remain?
 - Can other states prevent secession? How?

Federalism Encourages Policy Experimentation

States are "Laboratories of Democracy"

- States can experiment with novel policy solutions
- All states can benefit from successful experiments
- Only one state need suffer from a failure

Examples

- Medical Marijuana and Marijuana Legalization
- Three Strikes Laws and
- Charter Schools and Voucher Programs
- TRAP Abortion Laws
- Tax and Expenditure Limitations on Government

Increases Policy Experimentation and Access to the Policy Process

- Federalism helps new ideas get into the political system.
 - State Legislatures
 - State Courts
 - Ballot Initiatives
 - Local and City Governments.
- Encourages "Venue Shopping" by outsider groups.

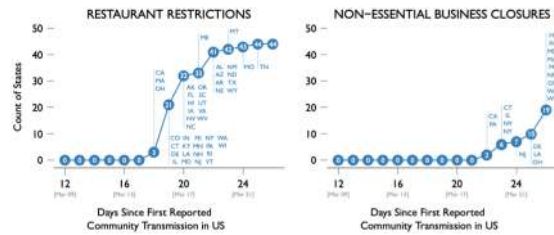
Laboratories of Democracy and Pandemic Politics.

- Decentralization is allowed state governments to experiment with appropriate policy responses to Covid-19 epidemic.
- Early innovators can provide lessons to later states about regulatory framework, economic costs, and public health benefits of Covid-19 response policy
- Later adopting states can delay action– but at risk to public health, economy, and political stability.

Laboratories of Democracy and Pandemic Politics.



Laboratories of Democracy and Pandemic Politics.



Laboratories of Democracy and Pandemic Politics.



Laboratories of Democracy
and Pandemic Politics.

- State governments are not equal innovators, nor are they equal borrowers.
 - Republican governors and governors from states with more Trump supporters were slower to adopt social distancing policies.
 - Problem severity not strongly associated with the timing of Covid-19 mitigation measures.

Laboratories of Democracy:
Upsides

- The Good
 - Encourages policy innovation
 - Permits policy variation across states according to regional values.
 - Allows states to evaluate and adopt policy experiments that work.

Laboratories of Democracy:
Downsides

- Cost associated with failed policy innovations.
- Race to the Bottom: States policy innovation may be biased towards certain types of policy.
- State partisanship/ideology may limit full adoption of policy across states.
